



BellSouth Telecommunications, Inc.  
333 Commerce Street, Suite 2101  
Nashville, TN 37201-3300

guy.hicks@bellsouth.com

February 7, 2001

REC'D TN  
SECURITY  
Guy M. Hicks  
General Counsel  
615 214 6301  
Fax 615 214 7406  
EXECUTIVE SECRETARY

VIA HAND DELIVERY

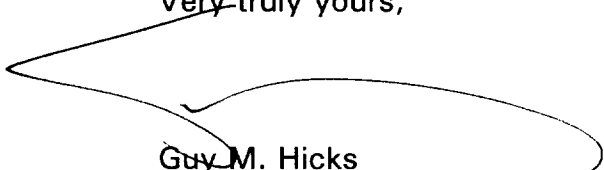
David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

Re: *Adelphia Business Solutions of Tennessee, L.P. and AVR, L.P. d/b/a Hyperion of Tennessee, L.P., Inc. for Arbitration with BellSouth Telecommunications, Inc. Pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996.*  
Docket No. 00-00927

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of the Rebuttal Testimony of John A. Ruscilli on behalf of BellSouth. Copies of the enclosed are being provided to counsel of record.

Very truly yours,

  
Guy M. Hicks

GMH:ch  
Enclosure

1                               BELLSOUTH TELECOMMUNICATIONS, INC.  
2                               REBUTTAL TESTIMONY OF JOHN A. RUSCILLI  
3                               BEFORE THE TENNESSEE REGULATORY AUTHORITY  
4                               DOCKET NO. 00-00927  
5                               FEBRUARY 7, 2001

6  
7    Q.    PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH  
8           TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR  
9           BUSINESS ADDRESS.

10  
11   A.    My name is John Ruscilli. I am employed by BellSouth as Senior Director for  
12           State Regulatory for the nine-state BellSouth region. My business address is  
13           675 West Peachtree Street, Atlanta, Georgia 30375.

14  
15   Q.    HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?  
16

17   A.    Yes. I filed direct testimony on January 31, 2001.  
18

19   Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY BEING FILED  
20           TODAY?  
21

22   A.    My testimony responds to the direct testimony filed by witness Timothy J.  
23           Gates on behalf of Adelpia Business Solutions of Tennessee, LP ("Adelpia")  
24           on January 31, 2001. My rebuttal testimony addresses the only unresolved  
25           issue remaining in this arbitration, Issue 2.

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- Issue 2: (Attachment 3, Sections 6.1.9 and 6.1.9.1)*
- (A) Should the parties be obligated to compensate each other for calls to numbers with NXX codes associated with the same local calling area?*
- (B) Should BellSouth be able to charge originating access to Adelphia on all calls going to a particular NXX code based upon the location of any one customer using that NXX code?*

Q. AS STATED IN MR. GATES' TESTIMONY ON PAGE 5, ADELPHIA TAKES THE POSITION THAT A VIRTUAL NXX CALL IS LOCAL AND THAT RECIPROCAL COMPENSATION IS DUE ON SUCH A CALL. DO YOU AGREE?

A. No. As I understand it, Adelphia wants to assign a telephone number that is associated with local calling area number 1 to an Adelphia customer who is located in local calling area number 2. Adelphia then claims that because a BellSouth customer in local calling area number 1 dials what he perceives to be a local number to reach the Adelphia customer in local calling area number 2, the call is somehow a "local" call. Adelphia's position, however, is wrong because it ignores the fact that regardless of the telephone number Adelphia assigns to its customer, the call I have just discussed originates in one local calling area and terminates in a different local calling area. The call, therefore, simply is not a local call, and BellSouth is not required to pay reciprocal compensation for the call.

1

2 Q. ON PAGE 10, MR. GATES STATES THAT BELL SOUTH ITSELF  
3 CURRENTLY ASSIGNS NXX CODES TO CUSTOMERS WHO ARE NOT  
4 PHYSICALLY LOCATED IN THE EXCHANGE AREA ASSOCIATED  
5 WITH A PARTICULAR NXX. IS THIS CORRECT?

6

7 A. Yes. As I explained in my direct testimony, BellSouth's FX service allows an  
8 FX subscriber that is not physically located in a particular exchange area to  
9 receive a telephone number with an NXX code that is associated with that  
10 exchange area. As explained in my direct testimony, BellSouth has been  
11 billing reciprocal compensation on traffic originating from a CLEC customer  
12 in one local calling area to a BellSouth FX subscriber in a different local  
13 calling area (just as Adelphia apparently has been billing reciprocal  
14 compensation on traffic originating from a BellSouth customer in one local  
15 calling area to an Adelphia "Virtual NXX" customer located in a different local  
16 calling area). BellSouth, however, is implementing systems changes which  
17 will enable us to identify and cease billing reciprocal compensation on such  
18 calls. Those systems changes are expected to be effective by the end of  
19 February, 2001.

20

21 Q. CAN YOU COMPARE THE VIRTUAL NXX ARRANGEMENT TO FX  
22 AND 800 SERVICES?

23

24 A. Yes. When BellSouth provides Foreign Exchange ("FX") service to one of its  
25 subscribers, that FX subscriber compensates BellSouth for providing an

1 extension of a circuit from the distant or “foreign” exchange to terminate in the  
2 calling area in which the FX subscriber is located. Thus, while the FX  
3 subscriber is physically located in one local calling area, it gives the  
4 appearance of being in a different local calling area, and callers in that different  
5 local calling area can place calls to the FX subscriber without paying toll  
6 charges. Even though these callers do not pay toll charges when they call the  
7 FX subscriber, BellSouth is compensated – by the FX subscriber – for hauling  
8 the call outside the local calling area in which it originated.

9  
10 As I noted in my direct testimony, a virtual NXX is most similar to a toll free,  
11 or 800, number. An 800 number works the same way, except it is not limited  
12 to one local calling area – callers from several local calling areas may call the  
13 800 subscriber without paying toll charges. The 800 subscriber, however, pays  
14 the provider for the service. In both examples, the call made is an  
15 interexchange toll call. In both examples, the toll charges are not paid by the  
16 person making the call, but instead the subscriber receiving the call pays  
17 BellSouth to haul the call outside of the local calling area in which it  
18 originated.

19  
20 Q. ON PAGES 8-9, MR. GATES DESCRIBES THE VALUE OF A VIRTUAL  
21 NXX SERVICE TO CLECS’ ISP CUSTOMERS. PLEASE COMMENT.

22  
23 A. The Virtual NXX service can be of value to Adelphia’s ISP customers or to  
24 any other customers to whom Adelphia may choose to offer the service.  
25 Similarly, BellSouth’s FX service can be of value to BellSouth’s FX

1 customers. That is not the issue. The issue is who should compensate  
2 Adelphia for providing the Virtual NXX service to its customers.

3  
4 When BellSouth provides FX services, it is compensated by the FX customer  
5 who orders the service. If Adelphia wishes to charge its Virtual NXX  
6 customers for its Virtual NXX service, it is free to do so. Adelphia, however,  
7 apparently wants to provide this service to its customers free of charge, and it  
8 wants to subsidize its provision of this service to its customers by charging  
9 BellSouth reciprocal compensation for calls that are not local. As I explained  
10 above, this is neither permitted nor allowed by the 1996 Act and the FCC's  
11 rules.

12  
13 Q. BEGINNING ON PAGE 11 OF HIS TESTIMONY, MR. GATES  
14 DISCUSSES THREE ALLEGED "SIGNIFICANT NEGATIVE IMPACTS"  
15 OF BELL SOUTH'S PROPOSED LANGUAGE WITH RESPECT TO  
16 ASSIGNMENT OF CODES. PLEASE ADDRESS EACH OF THESE  
17 ALLEGATIONS.

18  
19 A. Mr. Gates makes the following three allegations that occur with BellSouth's  
20 proposed language:

- 21 • BellSouth would be able to evade the intercarrier compensation  
22 arrangement that it has negotiated with Adelphia for a particular class of  
23 traffic;

- Contrary to one of the fundamental goals of the 1996 Act, the language would have a negative impact on the competitive deployment of affordable dial-up Internet services; and
- BellSouth would have a competitive advantage over Adelphia in the ISP market.

BellSouth disagrees. BellSouth would not be evading its reciprocal compensation obligations under the Act. The Act requires reciprocal compensation for the transportation and termination of local traffic. The traffic under discussion, as shown above, is not local.

Second, BellSouth's position has no impact on Adelphia's ability to serve ISPs. Adelphia is free to target and select customers, and to assign telephone numbers as it chooses. BellSouth's position is consistent with long-standing FCC precedent that calls which originate and terminate in different local calling areas are not local and, therefore, are not subject to reciprocal compensation.

Third, BellSouth's proposed language would not grant BellSouth any advantage in the ISP market. Due to the FCC's exemption of ISP-bound traffic from access charges, BellSouth is limited to charging its ISP customers the tariffed business local exchange rate. CLECs like Adelphia generally have more flexibility in their pricing.

1 Finally, nothing in the Act requires incumbent local exchange carriers  
2 (“ILECs”) like BellSouth to subsidize the provision of Adelphia’s service to  
3 ISPs (or to any other customers) by paying reciprocal compensation for non-  
4 local traffic. Thus, whether Adelphia assigns a Virtual NXX number to a  
5 florist or to an ISP, it simply is not entitled to reciprocal compensation when a  
6 BellSouth customer in a distant local calling area places a call to the florist or  
7 the ISP served by Adelphia.

8  
9 Q. ON PAGE 11, MR. GATES SUGGESTS THAT BELL SOUTH IS  
10 ATTEMPTING TO “RE-CLASSIFY LOCAL CALLS AS TOLL CALLS.” IS  
11 THIS A VALID STATEMENT?

12  
13 A. Absolutely not. To the contrary, Adelphia is the party attempting to reclassify  
14 the nature of the call, from toll to local. An FX call or Virtual NXX call that  
15 crosses local calling area boundaries is a toll call, and it is not subject to  
16 reciprocal compensation. If the provider of the FX or Virtual NXX service  
17 chooses not to bill its customer for toll service, that is its choice; however, the  
18 manner in which the provider elects to bill its end users for the service does not  
19 change the nature of the call. An example of this is FX service. In this  
20 instance, the call originates and terminates in different local calling areas.  
21 While the originating party may be charged as if this is a local call, the call is a  
22 toll call, and the terminating party is paying for the toll call through FX  
23 charges.



1 Q. PLEASE EXPLAIN FURTHER WHY BELLSOUTH IS NOT CHANGING  
2 THE DEFINITION OF LOCAL CALLS.

3  
4 A. The FCC has defined what constitutes a local call that is subject to reciprocal  
5 compensation obligations. As set forth in 47 CFR §51.701(b)(1), “local  
6 telecommunications traffic” to which reciprocal compensation applies means:

7  
8 *Telecommunications traffic between a LEC and a telecommunications*  
9 *carrier other than a CMRS provider that originates and terminates*  
10 *within a local service area established by the state commission . . . .*

11  
12 BellSouth’s position in this proceeding is consistent with this definition.  
13 BellSouth, therefore, is not the party that is trying to change the FCC’s  
14 definition of a local call. Instead, Adelphia is the party that is trying to change  
15 this definition by asking the Authority to ignore the originating and terminating  
16 points of a call and consider only the telephone number Adelphia assigns to its  
17 customer.

18  
19 Q. MR. GATES, AT PAGE 5, STATES THAT THE COSTS INCURRED BY  
20 BELLSOUTH DO NOT CHANGE BASED ON THE LOCATION OF  
21 ADELPHIA’S CUSTOMERS. PLEASE COMMENT.

22  
23 A. The issue in this proceeding is whether reciprocal compensation or access  
24 charges are due in the case of “Virtual NXX” traffic that originates in one local  
25 calling area and terminates in another local calling area. Reciprocal

1 compensation covers the cost of transporting and terminating local calls, and.  
2 as I have explained, the FCC's rules clearly state that the originating and  
3 terminating points of a call determine whether or not a call is local. Whether  
4 reciprocal compensation or access charges are due, therefore, is determined by  
5 the designation of a particular call.

6  
7 Clearly, when a BellSouth customer calls an Adelphia customer in a different  
8 local calling area, that simply is not a local call. Instead, it is a toll call to  
9 which access charges – and not reciprocal compensation charges – apply.  
10 Adelphia is simply not entitled to reciprocal compensation for these calls.

11  
12 Q. ON PAGE 6, MR. GATES STATES THAT NOT ONLY WOULD  
13 BELLSOUTH DOUBLE-RECOVER FOR CARRYNG SUCH TRAFFIC,  
14 BUT IT WOULD BE COMPENSATED FOR COSTS IT DOES NOT EVEN  
15 INCUR. IS THIS CORRECT?

16  
17 A. No. Local rates are designed to recover the costs of carrying local traffic. The  
18 traffic at issue in this proceeding, however, is not local traffic. Instead, the  
19 traffic at issue in this proceeding is long distance traffic because it originates in  
20 one local calling area and terminates in a different local calling area.  
21 Accordingly, BellSouth is originating long distance traffic in these instances,  
22 and BellSouth clearly incurs costs in originating this long distance traffic. As  
23 is the case when BellSouth originates any other long distance call, therefore,  
24 BellSouth is entitled to collect originating access charges when it originates  
25 this long distance traffic for Adelphia.

1

2 Q. HOW IS BELL SOUTH COMPENSATED FOR THE COSTS INCURRED  
3 WHEN ONE OF ITS CUSTOMERS CALLS A PERSON LOCATED IN A  
4 DIFFERENT LOCAL CALLING AREA?

5

6 A. When a BellSouth end user calls a person located outside of that end user's  
7 basic local calling area, BellSouth receives compensation in addition to the  
8 basic local rates it charges its customers. When BellSouth carries an  
9 intraLATA toll call, for instance, BellSouth collects toll charges from its  
10 customer who placed the call. When a BellSouth customer places an  
11 interLATA call, BellSouth collects originating access from the IXC. When  
12 BellSouth carries an intraLATA call from a BellSouth end user to a BellSouth  
13 FX customer, BellSouth receives compensation for the FX service (including  
14 the toll component of that service) from its FX customer. Similarly, when  
15 BellSouth carries calls to a BellSouth customer with an 800 number, BellSouth  
16 receives compensation for the 800 service (including the toll component of that  
17 service) from its 800 service customer. In each of these cases, BellSouth is  
18 compensated from some source other than the local rates it charges its  
19 customers for placing local calls. That additional source may be BellSouth's  
20 end user customer (i.e., toll charges), another telecommunications provider  
21 such as an IXC (i.e., access charges), or an FX or 800 service subscriber (i.e.,  
22 FX charges or 800 charges).

23

24 In effect, Adelphia asks the Authority to require BellSouth to originate a non-  
25 local call free of charge. To add insult to injury, Adelphia demands that

1           BellSouth actually pay, rather than be paid, for this service. Adelphia's  
2           request, therefore, ignores not only the FCC's definition of local calls but also  
3           the workings of the inter-carrier compensation mechanisms of reciprocal  
4           compensation and access.

5

6    Q.    ON PAGE 14, MR. GATES ASSERTS THAT ACCESS CHARGES ARE  
7           NOT AN APPROPRIATE MEANS OF COST RECOVERY FOR THIS  
8           TRAFFIC. PLEASE COMMENT.

9

10   A.   As I mentioned above, the traffic at issue in this proceeding is long distance  
11          traffic because it originates in one local calling area and terminates in a  
12          different local calling area. Accordingly, BellSouth is originating long  
13          distance traffic in these instances, and BellSouth clearly incurs costs in  
14          originating this long distance traffic. As is the case when BellSouth originates  
15          any other long distance call, therefore, BellSouth is entitled to collect  
16          originating access charges when it originates this long distance traffic for  
17          Adelphia.

18

19   Q.    ON PAGE 20, MR. GATES STATES THAT REASONS FOR TREATING  
20          VIRTUAL NXX TRAFFIC AS LOCAL TRAFFIC INCLUDE PROVIDING  
21          ISPS WITH A COST-EFFECTIVE WAY TO PROVIDE LOCAL DIAL-UP  
22          INTERNET SERVICE. PLEASE COMMENT.

23

24   A.    Mr. Gates' statements highlight the fact that Adelphia is not so much interested  
25          in flexible use of NXX codes as it is in using reciprocal compensation for

1 traffic which is not local traffic to subsidize its operations. Reciprocal  
2 compensation is designed to compensate a carrier for transporting and  
3 terminating a local call. Long distance calls have different compensation  
4 mechanisms that apply and would continue to apply in the cases we have been  
5 discussing. BellSouth is not attempting to restrict Adelphia's use of NXX  
6 codes. However, BellSouth does insist that such use of NXX codes not be  
7 allowed to disguise toll calls as local calls for the purpose of receiving  
8 reciprocal compensation.

9  
10 In the FX example I described earlier, BellSouth charges the FX customer  
11 appropriate charges to cover BellSouth's costs. Adelphia may do the same.  
12 For example, the rate elements of BellSouth's FX service include  
13 interexchange channel and interoffice channel (See BellSouth General  
14 Subscriber Service Tariff, Section A9). When Adelphia assigns telephone  
15 numbers to a customer in a way that allows callers to make a long distance call  
16 to that customer but not be charged for a long distance call, Adelphia may  
17 recover its costs from the customer who is benefiting. Adelphia, however, may  
18 not try to recover those costs from BellSouth.

19  
20 Likewise, in the 800 service example discussed previously in my testimony,  
21 the end user who dials the 800 number is charged for a local call to get to the  
22 800 number. The customer subscribing to the 800 service, however, pays for  
23 the 800 service charges in lieu of the calling party paying toll usage charges.  
24 The customer benefiting from the service is the one who pays for the service,  
25 as should be the case with Virtual FX or Virtual NXX calls.

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Q. ON PAGE 19, MR. GATES STATES THAT BELL SOUTH'S PROPOSAL  
WOULD ULTIMATELY VIOLATE THE 1996 ACT. DO YOU AGREE?

A. Certainly not. The Act and the FCC's rules require that reciprocal  
compensation be paid for termination of the originating carrier's traffic within  
the same local calling area (local calls). The Act does not require BellSouth to  
pay reciprocal compensation to a CLEC for termination of calls outside the  
local calling area (toll calls). Adelphia is attempting to use the "Virtual NXX"  
fiction to disguise toll calls as local calls by its assignment of NPA/NXX's to  
customers outside the local calling area with which the NPA/NXX codes are  
associated. Adelphia can assign NPA/NXX codes as it chooses. Adelphia,  
however, cannot use the assignment of its NPA/NXX codes to generate  
reciprocal compensation payments for calls that originate and terminate in  
different local calling areas.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DOCs # 246119

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4                   DOCKET NO. 00-00927  
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Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

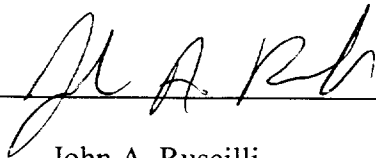


AFFIDAVIT

STATE OF: Georgia  
COUNTY OF: Fulton

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared John A. Ruscilli –Senior Director – State Regulatory, BellSouth Telecommunications Inc., who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Tennessee Regulatory Authority in Docket No. 00-00927 on behalf of BellSouth Telecommunications, Inc., and if present before the Authority and duly sworn, his testimony would be set forth in the annexed testimony consisting of 13 pages and 0 exhibit(s).

  
\_\_\_\_\_  
John A. Ruscilli

Sworn to and subscribed  
before me on 02/07/01

  
\_\_\_\_\_  
NOTARY PUBLIC

**MICHEALE F. HOLCOMB**  
Notary Public, Douglas County, Georgia  
My Commission Expires November 3, 2001

## CERTIFICATE OF SERVICE

I hereby certify that on January 10, 2001, a copy of the foregoing document was served on the parties of record, via the method indicated:

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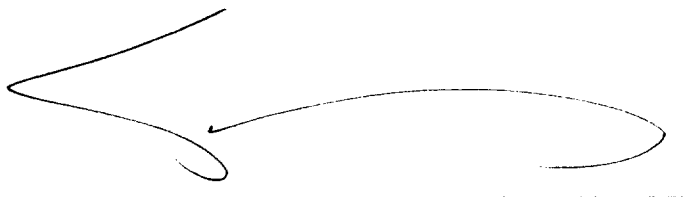
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Michael L. Shor, Esq.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W., Suite 300  
Washington, D. C. 20007

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John Glicksman, Esq.  
Adelphia Business Solutions  
One North Main Street  
Coudersport, PA 16915



A handwritten signature in black ink, consisting of a large, stylized 'S' shape with a long horizontal stroke extending to the right, positioned above a solid horizontal line.